



EXHIBIT B

BYLAWS

ARTICLE I

GENERAL PROVISIONS

Section 1. Applicability. These Bylaws provide for the governance of the Condominium pursuant to the requirements of Article 3 of the Condominium Act. The Property, located in the County of Fairfax, Virginia and more particularly described in the Declaration, has been submitted to the provisions of the Condominium Act by recordation simultaneously herewith of the Declaration among the land records of Fairfax County, Virginia.

Section 2. Office. The office of the Condominium, the Unit Owners Association, and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

Section 3. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such items in the Declaration to which these Bylaws are attached as Exhibit B, or if not defined therein, the meanings specified for such terms in Section 55-79.41 of the Condominium Act. The following terms have the following meanings in the Condominium instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article III of these Bylaws.

(b) "Common Element Interest" means the number assigned to each Unit by Exhibit C to the Declaration which establishes each Unit's undivided interest in the Common Elements and vote in the Unit Owners Association.

(c) "Declarant Control Period" means the period expiring on the earlier of (i) the date on which Units to which seventy-five percent or more of the aggregate Common Element interests appertain have been conveyed to Unit Owners other than the Declarant or (ii) five years after the date on which the first Condominium Unit has been conveyed to a Unit Owner other than the Declarant. For purposes of the preceding sentence, the calculation of Common Element interests shall be based, at any given time, on the Common Element interests to be assigned to the maximum number of Units to be created on the Property.

(d) "Limited Common Expense" means expenses separately assessed against more than one but less than all of the Condominium Units generally in accordance with the use of the services, as permitted by Section 55-79.83(b) of the Condominium Act.

(e) "Majority Vote" means a vote by those Unit Owners owning Condominium Units to which is appurtenant more than fifty percent of the aggregate Common Element interests actually voted in person or by proxy at a duly convened meeting at which a quorum is present. The vote or approval of any specified percentage of the Unit Owners shall mean a vote or approval by the Unit Owners owning Condominium Units to which is appurtenant such percentage of the total Common Element interests in the Condominium.

(f) "Officer" means any person holding office pursuant to Article IV of these Bylaws, but contrary to Section 55-79.41(t) of the Condominium Act, shall not mean members of the Board of Directors unless directors are also Officers pursuant to Article IV.

(g) "Reserved Common Element" means a Common Element in which the Board of Directors has granted a revocable license for exclusive use by less than all of the Unit Owners.

(h) "Unit Owners Association" or "Association" means the Fairfax Yacht Club, Inc., a non-stock, non-profit corporation consisting of all the Unit Owners owning Condominium Units in the Condominium.

ARTICLE II

UNIT OWNERS ASSOCIATION

Section 1. Composition. The Unit Owners Association shall consist of all of the Unit Owners, and for all purposes, shall act merely as agent for the Unit Owners as a group. The Unit Owners Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium, and performing all of the other acts that may be required or permitted by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by vote of the Association, the foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article III of these Bylaws.

Section 2. Annual Meeting. The annual meetings of the Association shall be held at least seventy-five days before the beginning of each fiscal year on a date other than a Saturday or Sunday or legal holiday. At such annual meetings the Board of Directors shall be elected by ballot of the Unit Owners in accordance with Article III, Section 4 of these Bylaws. During the Declarant Control Period, the Declarant shall be entitled to designate members of the Board of Directors pursuant to Article II, Section 4(b) of these Bylaws.

Section 3. Place of Meetings. Meetings of the Unit Owners Association shall be held at such suitable place convenient to the Unit Owners as designated by the Board of Directors.

Section 4. Special Meetings. (a) The Commodore shall call a special meeting of the Unit Owners Association if so directed by resolution of the Board of Directors or, after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty-five percent of the aggregate Common Element interests. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice. (b) Not later than the termination of the Declarant Control Period, a special meeting of the Unit Owners Association shall be held at which a majority

of the directors shall be elected by the Unit Owners, including the Declarant if the Declarant owns one or more Units. The directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant without appointment of a replacement within ten days. The elected directors shall assume office in the order of the highest number of votes received. Any remaining directors designated by the Declarant shall continue to serve until their terms expire, provided, however, that no more than one such director may serve until the first annual meeting and no more than one such director may serve until the second annual meeting.

Section 5. Notice of Meetings. The Secretary shall mail to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association at least twenty-one but not more than thirty days, and of each special meeting of the Association at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this section and Article XI, Section 1 of the Bylaws shall be considered service of notice.

Section 6. Quorum and Adjournment of Meetings. The presence in person or by proxy of twenty-five percent or more of the Unit Owners shall constitute a quorum at all meetings of the Unit Owners Association. If at any meeting of the Unit Owner Association a quorum is not present, Unit Owners of a majority of the Common Element interests who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) election or appointment of inspectors of election (when so required); (h) election of members of the Board of Directors (when so required); (i) unfinished business; and (j) new business.

Section 8. Conduct of Meetings. The Commodore shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The Commodore may appoint a person to serve as parliamentarian at any meeting of the Unit Owners Association. The then current edition of Robert' Rules of Order shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Condominium Act or the Condominium Instruments. All votes shall be tallied by tellers appointed by the Commodore or other Officer presiding over the meeting.

Section 9. Voting. (a) Voting at all meetings of the Unit Owners Association shall be on a percentage basis and the percentage of the vote to which each Unit Owner is entitled shall be the Common Element interest assigned to such Unit Owner's Unit in the Declaration. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 55-79.77(c) of the Condominium

Act. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of Section 55-79.72 of the Condominium Act, wherever the approval or disapproval of a Unit Owner is required by the Condominium Act or the Condominium Instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such Unit at any meeting of the Unit Owners Association. (b) Except where a greater number is required by the Condominium Act or the Condominium Instruments, a Majority Vote is required to adopt decisions at any meeting of the Unit Owner Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Unit Owners Association to cast the votes to which such Unit or Units are entitled. (c) No Unit Owner may vote at any meeting of the Unit Owner Association or be elected to or serve on the Board of Director if payment of any installment of the assessment for Common Expenses on the Unit is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election. There shall be no cumulative voting.

Section 10. Proxies. A vote may be cast in person or by proxy. Such proxy may be instructed or non-instructed and may be granted by any Unit Owner in favor of only another Unit Owner, an Officer of the Association, or the lessee of such Unit Owner's Unit; provided, however, that an Officer of the Association shall hold only instructed proxies. Proxies shall be duly executed in writing, shall be witnessed by a person who shall sign his full name and address, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. No proxy shall in any event be valid for a period in excess of one hundred and eighty days after the execution thereof.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act or the Condominium Instruments required to be exercised and done by the Association. The Board of Directors shall have the power for time to time to adopt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not conflict with the Condominium Act or the Condominium Instruments. The Board of Directors shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the Managing Agent (as defined in Article III, Section 2 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Unit Owner for the Common Expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and method of collecting such assessments from the Unit

Owners and establish the period of the installment payment of the annual assessment for Common Expenses.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Make and amend the Rules and Regulations.

(g) Open bank accounts on behalf of the Unit Owners Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repair to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations, act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Unit Owners of any litigation against the Unit Owners Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article VI of these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to Unit Owners of individual Units or otherwise provided for in Article V, Sections 1 and 2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the Unit Owners and their authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors who shall not be a Unit Owner. The cost of such audit shall be a Common Expense.

(m) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds in number and in Common Element interest of all Unit Owners, obtained either in writing or at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of ten percent (10%) of that fiscal year's annual budget. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (m) is not repaid by the Unit Owner Association, a Unit Owner who pays to the creditor a percentage of the total amount due equal to his Common Element interest shall be entitled to obtain from the creditor a release of an judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owner's Condominium Unit, and the Association shall not be entitled to assess his Unit for payment of the remaining amount due such creditor.

(n) Notwithstanding the borrowing limitations set forth in Article III, Section 1 (m) of these Bylaws, acquire, hold and dispose of Condominium Units and mortgage the same without limitations as to amount if such expenditures and hypothecation's are included in the budget adopted by the Board of Directors.

(o) In its sole discretion, from time to time to designate certain Common Elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(p) Furnish the statement required by Section 55-79.97 of the Condominium Act, within ten days after the receipt of a written request therefor from any Unit Owner substantially in the form set forth on Exhibit A to these Bylaws and designated "Certificate for Resale."

(q) Do such other things and acts not inconsistent with the Condominium Act or the Condominium Instruments which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

Section 2. Managing Agent. The Board of Directors may employ for the Condominium a "Managing Agent" at a compensation to be established by the Board"

(a) Requirements. The Managing Agent shall be a bona fide business enterprise, shall have experience in marina management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of the Condominium. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the areas of condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

(b) Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in Article III, Section 1 (a), (c), (d), (e), (h), (i), (j), (k), (l), (p) and (q) of these Bylaws. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in Article III, Section 1 (b), (f), (g), (m), (n) and (a) of these Bylaws. The Managing Agent shall perform the obligations, duties and services relating

to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent unless the Managing Agent is instructed otherwise by the Board of Directors:

(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all Unit Owners shall be accounted for separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Unit Owners Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Unit Owners Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Unit Owners Association shall be disclosed promptly to the Board of Directors; and

(6) a monthly financial report shall be prepared for the Unit Owners Association containing:

(A) an "income statement" reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Unit Owners Association on an un-audited basis;

(E) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(F) a "delinquent report" listing all Unit Owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors shall employ a Managing Agent for a term not to exceed one year. The Unit Owners Association and the Board of Directors shall not undertake "self management" or fail to employ a Managing Agent without the consent of at least sixty-seven percent of the Unit Owners. Any contract with the Managing Agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice and with cause on no more than thirty days written notice.

Section 3. Number and Term of Office.

(a) Designated Members. The initial Board of Directors shall consist of no less than three nor more than five persons, all of whom shall be designated by the Declarant. The term of office of at least two directors shall expire at the third annual meeting; the term of office of up to two additional directors shall expire at the second annual meeting; and the term of office of any other directors shall expire at the first annual meeting. The term of each designee shall be fixed by the Declarant. At the special meeting required by Article II, Section 4(b) of these Bylaws, a number of the directors designated by the Declarant shall resign if necessary so that a majority of the directors shall have been elected in accordance with Article II, Section 4(b) of these Bylaws. The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one-third of the directors shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special meeting held pursuant to Article II, Section 4(b) of these Bylaws, all successor directors shall be elected to serve for a term of three years. For a period of one year following the termination of service by the directors designated by the Declarant, the Declarant may appoint and replace from time to time a representative who shall be entitled to notice of all meetings of the Board of Directors and to attend and speak (but not vote) at all Board meetings, in all respects as if such delegate were a member of the Board.

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association, the Board of Directors shall consist of five persons, all of whom shall be Unit Owners, or designees of the Declarant. Except for resignation or removal, the directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

Section 4. Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by Article II, Section 4(b) of these Bylaws and each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least two other Unit Owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board.

(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the chairman of the Elections Committee at least thirty-five days before the meeting at which the election is to be held signed by Unit Owners representing at least twenty Units and either signed by the nominee or accompanied by a document signed by the nominee indicating his willingness to serve as a director; provided, however, that additional

nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing his willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a Unit Owner. No person shall be elected as a director or continue to serve as a director if such person is more than thirty days delinquent in meeting his financial obligations to the Unit Owners Association.

Section 5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a Majority Vote and successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least seven days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A director may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon disposition of his Unit as provided for officers in Section 55-79.78(a) of the Condominium Act, or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by vote of the Unit Owners Association shall be filled by a vote of the majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 7. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected director in order legally to constitute such meeting; provided, that, majority of the entire Board of Directors is present at the meeting.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the Commodore on three business days notice to each director, given personally or by mail, telegraph or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings

of the Board of Directors shall be called by the Commodore or Secretary in like manner and on like notice on the written request of at least three directors.

Section 10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted thereat.

Section 11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 12. Compensation. No director shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meetings. The Commodore shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of all resolutions adopted by the Board and of all transactions and proceedings occurring as such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Act or the Condominium Instruments.

Section 14. Action without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Board of Directors as Attorney in Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the Unit Owners of all of the Units and for each of them, to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors; (ii) execute and deliver releases upon the payment of claims; and (iii) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 55-79.44 of the Condominium Act. The powers hereby granted shall be in addition to any rights granted by Section 55-79.80 (b1) of the Condominium Act. The Board of Directors may grant and accept easements and licenses pursuant to Section 55-79.80(b) of the Condominium Act.

Section 16. Liability of the Board of Directors, Officers Unit Owners and Unit Owners Association.

(a) The Officers, directors and members of the Covenants Committee shall not be liable to the Unit Owners Association or to any Unit Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the Condominium Instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners Association. The liability of any Unit Owner arising out of any contract made by any Officer or the Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Common Element interest therein or for liabilities incurred by the Unit Owners Association, shall be limited to the total liability multiplied by his Common Element interest. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Unit Owners Association shall, if obtainable, provide that the Officers, the directors or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Element interest. The Unit Owners Association shall indemnify and hold harmless each of the members of the Covenants Committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Condominium Act or the Condominium Instruments. The Unit Owner Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was an Officer or director of the Association or a member of the Covenants Committee against expenses (including attorney's fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Unit Owners Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order of directive of any governmental authority.

Section 17. Common or interested Directors. Each director shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and any of its directors, or between the Association and any

corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the Unit Owners, and the Unit Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Unit Owners Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such director of the Unit Owners Association were not an officer or director of such other corporation, firm or association or not so interested.

Section 18. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three members appointed by the Board, each to serve for a term of one year, to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the esthetic or property values of the Condominium; (3) furthering the comfort of the Unit Owners, their guests and tenants; and (4) promoting the general welfare and safety of the Condominium community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the Common Elements. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses, or consultations required in connection with improvements or changes proposed by a Unit Owner. The Covenants Committee shall have the power to impose reasonable fines (pursuant to Section 55-79.80(b2) of the Condominium Act and Article IX, Section 1(g) of these Bylaws upon, and issue a cease and desist request to, a Unit Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Condominium Instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the Condominium Instruments, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may affirm, modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, power and authority as the Board of Directors may from time to time provide of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal Officers of the Unit Owners Association shall be the Commodore, Vice Commodore (Power), Vice Commodore (Sail), Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as may be necessary. Except for those appointed by the Declarant, all Officers shall be Unit Owners and members of the Board of Directors.

Section 2. Election of Officers. The Officers of the Unit Owners Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors an Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4. Commodore. The Commodore shall be the chief executive officer of the Unit Owners Association, preside at all meetings of the Association and of the Board of Directors, have general and active management of the business of the Association subject to the control of the Board, see that all orders and resolutions of the Board are carried into effect, and appoint committees from among the Unit Owners from time to time as the Commodore may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice Commodores (Power and Sail). The Vice Commodores shall take the place of the Commodore on an alternating basis each year beginning with the Vice Commodore (Power), and perform the duties of the Commodore whenever the Commodore shall be absent or unable to act. If neither the Commodore nor the Vice Commodores is able to set, the Board of Directors shall appoint some other director to act in the place of the Commodore, on an interim basis. The Vice Commodores shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the Commodore.

Section 6. Secretary. The Secretary shall keep the minute of all meetings of the Unit Owners Association and of the Board of Directors, have charge of such books and papers as the Board may direct, give or cause to be given all notices required to be given by the Association, maintain a register setting forth the place to which all notices to Unit Owners hereunder shall be delivered, and, in general, perform all the duties incident to the office of secretary.

Section 7. Treasurer. The Treasurer shall (together with the Managing Agent) be responsible for Unit Owners Association funds and securities, keep full and accurate financial records and books

of account showing all receipts and disbursements, prepare all required financial data, deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board, and, in general, perform all the duties incident to the office of treasurer.

Section 8. Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations in excess of two thousand dollars, and all checks drawn upon reserve accounts, shall be executed by two persons designated by the Board of Directors. All such instruments for expenditures or obligations of two thousand dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 9. Compensation of Officers. No Officer who is also a director shall receive compensation from the Unit Owner Association for acting as such Officer.

ARTICLE V

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be March 1 through February 28/29 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) At least thirty-five days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Unit Owners Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units which the Association has the responsibility to maintain, repair and replace, and the cost of the wages, materials insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Condominium Instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least sixty days before the beginning of each fiscal year, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and and special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Condominium.

(c) Assessment and payment of Common Expenses. Subject to the provisions of Article IX, Section 1(a) of these Bylaws, the total amount of estimated funds required from assessments for operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each Unit Owner in proportion to his respective Common Element interest,

except for Limited Common Expenses which shall be assessed against each Unit Owner benefited in proportion to the relative Common Element interest of such Units inter se, and shall be a lien against each Unit in Article IX, Section 2 of these Bylaws. On or before the year, each Unit Owner shall be obligated to pay such assessment to the Board of Directors or the Managing Agent (as determined by the Board). Within ninety days after each fiscal year, the Board of Directors shall supply to all Unit Owners, and to each Mortgagee requesting the same, an itemize accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the Unit Owners, or be credited according to each Unit Owner's Common Element interest to the next fiscal year's assessment. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Common Element interests and shall be payable either: (1) in full with payment of the next year's assessment; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including nonpayment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Common Element interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on the Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next annual payment which is due more than ten day after the delivery of such notice. All Unit Owners shall be obligated to pay the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in subsection (c).

(e) Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing thirty days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in subsection (c). (ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equal to 25% of the annual estimated Common Expense assessment for such purchaser's Unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Unit Owners Association. Such funds may be used for certain pre-paid items, initial equipment, supplies, organizational costs and other startup costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever same shall be determined and, in the absence of an annual budget or

adjusted budget, each Unit Owner shall continue to pay at the annual rate established for the previous fiscal year until notified of the new annual or adjusted budget.

(g) Accounts. All sums collected by the Board of Director with respect to assessments against the Unit Owners or from an other source may be commingled into a single fund or held for each Unit Owner in accordance with his Common Element interest.

Section 2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Article V, Section 1 of these Bylaws. No Unit Owner may be exempt from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against the Unit subsequent to the date of recordation of a conveyance by such Unit Owner in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for the proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor: provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five business days following a written request therefor to the Board of Directors or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, each Mortgagee who comes into possession of a Condominium Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Condominium Units including the mortgagee Condominium Unit.

Section 3. Collection of Assessments. The Board of Directors, or the Managing Agent at the request of the Board, shall take prompt action to collect any assessment for Common Expenses due from any Unit Owner which remains unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within ten days after due shall accrue a late charge in the amount of ten dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 4. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Unit Owners Association. The Unit Owners Association shall be responsible for the maintenance, repair and replacement (unless in the opinion of not less than eighty percent

of the Board of Directors, such expense was necessitate by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements (including the Limited Common Elements) as defined herein or in the Declaration, whether located inside or outside of the Units, the cost of which shall be charged to all Unit Owners as a Common Expense; provided, however, that each Unit Owner shall perform normal maintenance on the Limited Common Elements appurtenant to his Unit and any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b).

(b) By the Unit Owner. Each Unit Owner shall keep the Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the Unit. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Commo Elements resulting from such Unit Owner's failure or negligence to make any of the repairs required by this Section. Each Unit Owner shall perform this responsibility in such manner as not unreasonably to disturb or interfere with other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Unit Owners Association is responsible.

Section 6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements during any fiscal year costing in excess of ten percent (10%) of that fiscal year's annual budget, the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all Unit Owners benefited for the cost thereof as a Common Expense (or Limited Common Expense). Any additions, alterations or improvements during any fiscal year costing ten percent (10%) or less of that fiscal year's annual budget may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a Common Expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 7. Additions, Alterations or Improvements by the Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to the Unit without the prior written consent of the Board of Directors or the Covenant Committee as appropriate.

Section 8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

(a) Restrictions. Each Unit and the Common Elements shall be occupied and used as follows:

(1) Except for the areas of the Condominium designated for recreational use and except as provided in the Declaration, no Unit shall be used for other than storage and docking of boats and yachts and the related common purposes for which the Property was designed.

Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for settlement of sales of Condominium Units and for customer service purposes. No Unit shall be used or occupied by more than one boat or yacht, and no boat or yacht shall exceed the size of the Unit so used or occupied. Notwithstanding the foregoing size restrictions, boats or yachts not to exceed fifty (50) feet in overall length may use or occupy the even numbered Units on the D Dock until such time as the E Dock is submitted to the Condominium, at which time the D Dock shall be subject to the size restrictions set forth in the previous sentence and boats or yachts not to exceed fifty (50) feet in overall length may use or occupy the even numbered Units on the E Dock.

(2) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in the Unit or in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste shall be committed on the Common Elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, which ever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place, or cause or permit anything to be placed on or in any of the Common Elements (except those areas designated for such storage by the Condominium Instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Elements without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(6) No portion of any Unit (other than the entire Unit) shall be leased for any period. Any lease or other agreement, whether oral or written, between a Unit Owner and a lessee or other occupant shall be deemed to include, whether or not stated herein, and shall be subject to, provisions which (i) require the lessee or other occupant to comply with the Condominium Instruments and Rules and Regulations, (ii) provide that failure to comply constitutes a default under the lease or other agreement, and (iii) provide that the Board of Directors may terminate the lease or occupancy agreement and bring summary proceedings to evict the lessee or other occupant in the name of the Unit Owner after forty-five days prior written notice to such Unit Owner for any such instance of noncompliance by the lessee or other occupant. The Board of Directors may suggest or require a standard form lease for use by Unit Owners. Each Unit Owner of a Condominium Unit shall, promptly following the execution of any lease of a Condominium Unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this

paragraph shall not apply to the Declarant, or to a Mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may be parked on the Property only if expressly permitted by the Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Vehicle repair other than ordinary light maintenance are not permitted on the Property. The Board of Directors shall have the power to tow or "boot" any vehicle in violation of this paragraph upon ten days prior written notice affixed to such vehicle, the cost of which shall be charged to the owner of the vehicle.

(8) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or Common Element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a Unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(9) No Unit shall be subject to or used for any time sharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by multiple Unit Owners, cooperators, licensees, or timesharing participants.

(b) Changes to Rules and Regulations. Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be adopted and amended by the Board of Directors. Copies of the Rules and Regulations shall be furnished to each Unit Owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit Owner upon request.

Section 9. Right of Access. By acceptance of the deed of conveyance, each Unit Owner thereby grants a right of access to the Unit, pursuant to Section 55-79.79(a) of the Condominium Act and Article IV, Section 2(a) of the Declaration, to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities including without limitation making inspections, correcting any condition originating in the Unit or in a Common Element to which access is obtained through the Unit and threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or utility systems or the Common Elements in the Unit or elsewhere in the Property, or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right to entry shall be immediate, whether or not the Unit Owner is present.

Section 10. Utility Charge. The cost of utilities serving the Condominium and not individually metered to a Unit shall be a Common Expense or Limited Common Expenses, as the case may be.

Section 11. Parking Spaces. All parking spaces located on the Property shall be used by the Unit Owners for self-service parking purposes on a "first come, first served" basis, except as the Board

of Directors may otherwise determine; provided, however, that no Unit Owner shall park on the Common Element parking spaces more than one vehicle (owned or leased by such Unit Owner, a member of such Unit Owner's family, an employee or a tenant leasing the Unit) without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a Common Expense. During the time that Units are being sold by the Declarant, no more than fifteen parking spaces may be restricted to the Declarant's use for sales purposes.

Section 12. Storage; Disclaimer of Bailee Liability. The Board of Directors, the Unit Owners Association, any Unit owner and the Declarant shall not be considered a Bailee of any personal property stored on the Common Elements (including property located in vehicles parked on the Common Elements), whether or not exclusive possession of the particular area is given to a Unit Owner for parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE VI

INSURANCE

Section 1. Authority to Purchase Notice.

(a) Except as otherwise provided in Article VI, Section 5 of these Bylaws, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the Managing Agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article VI or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverages are available but only at demonstrably unreasonable cost. The Board of Directors shall promptly furnish to each Unit Owner by written notice of the Procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Unit Owners Association, in compliance with Section 55-79.81(b) of the Condominium Act.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Unit Owners Association, the Board of Directors, the Managing Agent or the Unit Owner, and their respective agents, employees, guests and, in the case of the Unit Owners, the members of their households;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any Unit Owner (including his invitees, agents and employees) or of any member, officer or employee of the Board of Directors or the Managing Agent without a prior demand in writing that the Board or the Managing Agent cure the defect and neither shall have so cured such defect within sixty days after such demand;

(3) Such policy may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten days prior written notice to the Board of Directors, the Managing Agent and all Mortgagees.

(c) The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article VI shall not be deemed to protect or be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the Commonwealth of Virginia.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a Common Expense; provided, however, that the Association may, pursuant to Article V, Section 5(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect of a Unit Owner against such Unit Owner.

Section 2. Physical Damage insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), debris removal and water damage endorsements, insuring the entire property together with all service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all Unit Owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee contained in Article VI, Section 6 and Article VII of these Bylaws), in an amount equal to one hundred percent of the then current replacement cost of the Property (exclusive of the land, excavations, foundation and other items normally excluded from such coverage), without deduction for depreciation (such amount to be re-determined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Unit Owners Association.

(b) Such policy shall also provide:

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) The following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Unit Owner or their agents when such act or neglect is not within the control of the insured, or the Unit Owners collectively; nor by any failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control); (ii) "cost of demolition"; (iii) "contingent liability from operation of building laws or codes"; (iv) "increased cost of construction"; (v) "condominium replacement cost"; and (vi) "agreed amount" or elimination of co-insurance clause; and

(3) That any "no other insurance" clause expressly exclude individual Unit Owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual Unit Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by

the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Unit Owners or their Mortgagees, unless otherwise required by law.

(c) Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Property (exclusive of the Land, excavations, foundations and ether items normally excluded from such coverage), without deduction for depreciation for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section.

Section 3. Liability insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director ,the Managing Agent and each Unit Owner against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owner vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to a Unit Owner because of negligence acts of the Unit Owners Association or of another Unit Owner. The Board of Directors shall renew such limits once each year, but in no event shall such insurance be less than five hundred thousand dollars covering all claims for bodily injury or property damage and personal injury arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than three million dollars.

Section 4. Other insurance. The Board of Directors shall obtain and maintain:

(a) adequate fidelity coverage to protect against dishonest acts on the part of the Officers, directors, trustees and employees of the Unit Owners Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Unit Owners Association as an obligee; (ii) be written in an amount not less than one half the total annual condominium assessments for the year; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) workmen's compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(c) broad form machinery and pressure vessel explosion insurance (if applicable) in an amount not less than five hundred thousand dollars per accident per location;

(d) directors and officers liability insurance in an amount not less than one million dollars;
and

(e) such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority vote.

Section 5. Separate insurance. Each Unit Owner shall have the right to obtain insurance for each such Unit Owner's benefit, at such Unit Owner's expense, covering the Unit and such Unit Owner's personal property and personal liability, as well as any improvements made to the Unit by such Unit Owner (under coverage normally called "improvements and betterments coverage"); provided, however, that no Unit Owner shall be entitled to exercise this right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a Unit Owner. No Unit Owner shall obtain separate insurance policies on the Condominium except as provided in this Section.

Section 6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article VII of these Bylaws.

(b) The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. Except as otherwise provided in Article VII, Section 4 of these Bylaws, in the event of damage to or destruction of all or any part of any building or other physical improvement as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof.

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building or other physical improvement, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the insurance trustee determines to be necessary.

(b) Assessments. If the proceeds of insurance are insufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair, the funds for the payment of the costs thereon are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement fund and/or shall; be deemed a Common Expense and a special assessment shall be levied therefor.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved by at least fifty-one percent of the Mortgagees.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than one percent of the then current replacement cost of the Property, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon request of twenty percent of the Mortgagees (based upon one vote for each Mortgage owned), such fund shall be disbursed pursuant to Paragraph (2).

(2) If the estimated cost of reconstruction and repair is one percent of the then current replacement cost of the Property or more, then the construction fund shall, unless waived by sixty-seven percent of the Mortgagees, be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the insurance trustee to supervise such work, with payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, material men, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all Unit Owners in proportion to their Common Element interests and shall be distributed in accordance with the priority of interests at law or in equity in each Unit.

(c) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the Units.

(d) Certificate. The insurance trustee shall be entitled to rely upon a certificate executed by the Commodore or Vice Commodores, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to

be paid with respect to disbursement from any construction fund whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the insurance trustee promptly after request.

Section 4. When Reconstruction is Not Required. If the Board of Directors elects not to repair insubstantial damage to the Common Elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received or account of such damage shall be distributed among all Unit Owner in proportion to their respective Common Element interests. If the Condominium shall be terminated pursuant to Section 55-79.72 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all Unit Owners in proportion to their respective Common Element interests, after first paying out of the share of each Unit Owner, to the extent sufficient therefor, the amount of any unpaid liens on his Unit in the order of priority of such liens.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages the Unit shall notify the Board of Directors of the name and address of the Mortgagee and shall file a conformed copy of the note and Mortgage with the Board.

Section 2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any Unit Owner of any default in the performance by the Unit Owner of any obligation under the Condominium Instruments, including any default in paying assessments for Common Expenses which default remains uncured for sixty days, shall simultaneously send a copy of such notice to the Mortgagee of such Unit. Each Mortgagee shall also be promptly notified of any casualty when required by Article VI, Section 2(c) of these Bylaws, all actions taken under Article I of these Bylaws, and any taking in condemnation or by eminent domain pursuant to Section 55-79.44 of the Condominium Act any actions of the Unit Owners Association with respect thereto.

Section 3. Notice of Proposed Action Requiring Mortgagee Approval. The Board of Directors shall give notice to all Mortgagees seven days prior to the date on which the Unit Owner Association proposes to take any action requiring Mortgagee approval pursuant to these Bylaws, including materially amending the Condominium Instruments.

Section 4. Notice of change in Managing Agent. The Board of Directors shall give notice to all Mortgagees requesting such notice thirty days prior to changing the Managing Agent.

Section 5. Mortgagees' Approvals.

(a) Two-thirds Vote. Unless at least sixty-seven percent of the Mortgagees and at least sixty-seven percent of the Unit Owners (other than the Declarant) have given their prior written approval, the Unit Owners Association shall not: (i) (except following destruction or condemnation) change any Unit's Common Element interest except as provided in Section 55-79.44 of the Condominium Act; (ii) (except following destruction or condemnation) partition,

subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium (except for the granting of utility easements, etc. pursuant to Section 55-70.80 (b) of the Condominium Act); (iii) (except following destruction or condemnation) by act or omission withdraw the Submission of the Property to the Condominium Act, except as provided in Section 55-79.72 of the Condominium Act; (iv) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; (v) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Article VII, Section 4 of these Bylaws.

(b) Majority Vote. Unless at least fifty-one percent of the Mortgagees and at least sixty-seven percent of the Unit Owners (other than the Declarant) have given their prior written approval, the Unit Owners Association shall not: (i) following destruction or condemnation, change any Unit's Common Element interest except as provided in Section 55-79.44 of the Condominium Act; (ii) following destruction or condemnation, by act or omission, withdraw the submission of the Property to the Condominium Act, except as provided by Section 55-79.72 of the Condominium Act; and (iii) add or amend any material provision of the Condominium Instruments which are for the express benefit of Mortgagees.

(c) Non-material Amendments: Presumptive Approval. Any addition or amendment to the Condominium Instruments shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A Mortgagee who is notified of additions or amendments and who does not deliver or post to the requesting party a negative response within thirty days of such notice shall be deemed to have approved such request.

Section 6. Other Rights of Mortgagee. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine the Condominium Instruments, the Rules and Regulations and books and records of the Condominium, to receive the annual report filed by Declarant pursuant to Section 55-79.93 of the Condominium Act, and to require the submission of annual financial reports and other budgetary information.

ARTICLE IX

COMPLIANCE AND DEFAULT

Section 1. Relief. Each Unit Owner shall be governed by, and shall comply with, the Condominium Instruments and the Condominium Act as the same may be amended. In addition to the remedies provided in Section 55-79.53 of the Condominium Act, a default by a Unit Owner shall entitle the Unit Owners Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

(a) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by such Unit Owner's act neglect or carelessness of any member of such Unit Owner's family or such Unit Owner's employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances.

Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorney's fees.

(c) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Condominium Act shall not constitute a waiver of the right of the Association, the Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more there of shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Condominium Instruments or the Condominium Act, or at law or in equity.

(d) Interest. If any Unit Owner shall default in paying any sum assessed against the Condominium Unit which continues for a period in excess of fifteen days, interest at a rate not to exceed the lower of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or eighteen percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors or any provision of the Condominium Instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation.

(f) Legal Proceedings. Failure to comply with any of the Condominium Instruments and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination there of and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the Managing Agent, or, if appropriate, by any aggrieved Unit Owner and shall not constitute an election of remedies.

(g) Fines. Pursuant to Section 55-79.80(b2) of the Condominium Act, the Board of Directors and the Covenants Committee may levy reasonable fines against Unit Owners for violations of the Rules and Regulations, the Condominium Instruments or the Condominium Act. No fine may be levied for more than one violation; but each day a violation continues, after notice is given to the Unit Owner, is a separate violation. If a Unit Owner requests in writing a hearing

before the fine is imposed, the imposition of the fine shall be suspended until the hearing is held. Fines are special assessments and shall be collectible as such.

Section 2. Lien for Assessments.

(a) Lien. The total annual assessment of each Unit Owner for Common Expenses or any special assessment, or any other sum duly levied (including without limitation fines, interest, late charges, etc.), made pursuant to these Bylaws, is hereby declared to be a lien levied against the Condominium Unit of such Unit Owner pursuant to Section 55-79.84 of the Condominium Act, which lien shall with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than ten days after notice to the Unit Owner of such special assessment or levy. The Board of Directors or the Managing Agent may file or record such other for further notice of any such lien, or such other or further document, as may be required to confirm the establishment any priority of such lien.

(b) Acceleration. If an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the entire balance of such assessment may be declared due and payable in full by notice to the defaulting Unit Owner and his Mortgagee by the Board of Directors or the Managing Agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the Commonwealth of Virginia by power of sale pursuant to Article IX, Section 3 of these Bylaws or by an action in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Unit Owners Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to the sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Commonwealth of Virginia.

Section 3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Condominium Instruments or the Condominium Act, all of the Unit Owners may be required by the Declarant or the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by recording a declaration of trust in the land records where the Condominium Instruments are recorded granting unto one or more trustees appropriate powers such that upon default in the performance of such bond, such declaration of trust may be foreclosed by such trustees acting at the direction of the Board of Directors. If any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a Unit shall take title subject thereto and shall assume the obligations provided for therein.

Section 4. Subordination and Mortgage Protection. Notwithstanding anything to the contrary herein, the lien of any assessment levied pursuant to these Bylaws upon any Unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a first Mortgage made in good faith for value received;

provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the Unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE X

AMENDMENTS TO BYLAWS

Section 1. Amendments. These Bylaws may not be modified or amended except in compliance with Section 55-79.72 of the Condominium Act; provided, however, that until the expiration of the Declarant Control Period, these Bylaws may not be amended without the prior written consent of the Declarant. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies, and interest of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgagees. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagees.

ARTICLE XI

MISCELLANEOUS

Section 1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid (pursuant to Section 55-79.75 of the Condominium Act), or if notification is of a default or lien, sent by certified United States mail, return receipt requested, postage prepaid: (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Unit Owner; or (ii) if to the Unit Owners Association, the Board of Directors or to the Managing Agent, at the principal office of the Managing Agent or at the principal address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

Section 3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 4. Construction. The Condominium Instruments are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied.

